



May 3, 2022

Board of Education and
Citizens' Bond Oversight Committee
Oakland Unified School District
Oakland, California

We have audited the financial statements of Oakland Unified School District (District) 2006 Measure B and 2012 Measure J General Obligation Bond Program (Bond Program) as of and for the year ended June 30, 2021 and have issued our report thereon dated May 3, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under *Government Auditing Standards*

As communicated in our letter dated March 10, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Oakland Unified School District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Oakland Unified School District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

Misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management are described as item 2021-001 in the schedule of findings and responses.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated May 3, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Oakland Unified School District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Oakland Unified School District's auditors.

This report is intended solely for the information and use of the Board, and management of Oakland Unified School District and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Menlo Park, California



Performance Audit Report
2006 Measure B and 2012 Measure J
General Obligation Bond Funds
June 30, 2021

Oakland Unified School District



May 3, 2022

Board of Education, Citizens' Bond Oversight Committee, and Management of the
Oakland Unified School District
Oakland, California

Subject: Measure J and Measure B Construction Bond Funds Performance Audit Report for the Fiscal Year Ended
June 30, 2021

This report presents the results of our performance audit of the Oakland Unified School District's (OUSD or the District) 2012 Measure J and 2006 Measure B General Obligation School Facilities Bond (Bond Program) as required by District objectives, California Proposition 39, the "Smaller Classes, Safer Schools and Financial Accountability Act" (Proposition 39), California Constitution (State Constitution) Article XIII A, California Education Code (Education Code) Section 15272, and Appendix A contained in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel.. These California State (State) requirements specify that the proceeds from the sale of school facilities bonds are expended only on the specific projects listed in the proposition authorizing the sale of bonds (Listed Projects).

Both the State Constitution and Education Code require an annual independent performance audit to verify bond proceeds are used on Listed Projects. Finally, Senate Bill 1473, "School facilities bond proceeds: performance audits" (SB 1473), approved by the Governor on September 23, 2010, amended California Education Code to add Section 15286, which requires the annual performance audits to be conducted under the *Government Auditing Standards* issued by the Comptroller General of the United States.

Executive Summary

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The performance audit objectives, scope, methodology, audit results, and a summary of the views of responsible district officials are included in the report body.

Performance audit procedures covered the period from July 1, 2020, through June 30, 2021. Based on the performance audit procedures performed and the results obtained, we have met our audit objectives. We conclude that for the fiscal year ended June 30, 2021, bond proceeds were used only for listed projects under the 2012 Measure J and 2006 Measure B, which authorized the sale of the Bond, with the following potential exceptions and clarifications:

- The ballot language addresses projects at the District and school site levels; however, particular expenditures are not explicit in the Bond language.
- For split funded employees, the District does not have a documented basis for distributing salary between the narrow category of bond compliant construction projects, and routine everyday school facilities administrator expenses.

Project kick-off, planning meetings, and interviews with senior management were conducted during December 2021. The audit team was on-site and remote for fieldwork during January and February 2022 to review documentation covering payment procedures, contracting and procurement, and design and construction, interviews with selected project managers, reconciling and reviewing budgets, board legislative information, OUSD Facilities Procedures Manual, and reports presented to the Citizens' Board Oversight Committee, and reviewing supporting documents for the selected change orders and amendments. We reviewed documentation covering 74 percent of total vendor expenditures and 89 percent of salary expenditures.

Based on our assessment, we identified several good management practices as described below:

- The District utilized other revenue sources to maximize the impact of Measure J and Measure B funds.
- The District reported the historical expenditure date for the projects and separated Measure J and Measure B expenditures.
- The importance of institutional knowledge is often overlooked. Senior management of the Bond Program was cooperative, responsive, and maintained the institutional knowledge that is often lost with the turnover of senior District officials.
- All the contractors that we reviewed were selected per the competitive solicitation requirements.
- The District submitted a Contract Justification Form to the Board that summarized relevant procurement process information. This form included relevant vendor information on how the District selected vendors, a summary of vendor services, a determination of competitive pricing if the contract was not competitively bid, and competitive bid exceptions when applicable.
- While out-of-date, the District was able to provide a standardized items list for Bond Program materials procurement.
- The Bond Program was able to provide conflict of interest forms.
- Citizens' Bond Oversight Committee (CBOC) meeting minutes were posted on the District website, and the meeting minutes included links to the relevant documentation.
- The Board of Education Meeting minutes were posted on the District website, and the meeting minutes included links to the relevant documentation.
- The District continuously updates the Program Procedures Manual, which includes updated policies and procedures over the areas addressed in this report and the prior year's performance audit report. The Program Procedures Manual is available on the District website for all key stakeholders to review.
- The District adopted the 2020 Facilities Master Plan in April 2020, which reflects District's current needs and goals for future building and renovation projects.
- The District adopted a new Capital Spending Plan dated January 2021 to revise the August 2018 Spending Plan (project budgets) to reflect the current state of the projects.
- The District has resolved 11 observations from the prior year's bond performance audit report.
- The District provided complete quality control documents overall selected expenditures.
- The complete and consolidated bid and procurement documents were readily available in a central location.
- Information presented to CBOC was consistent with the District's accounting records.
- The District provided a signed payroll certification for fully funded employees verifying their payroll charges allowability and reasonability.
- The District's financial reporting to CBOC has improved and includes details necessary for the key stakeholders to analyze the schedule and budgetary information at the program and project level.

We continued to evaluate the effectiveness of internal controls to analyze the School Construction Program and offer those charged with District governance and oversight information to improve program performance and operations. The District has demonstrated significant improvements over internal controls by resolving eleven prior-year observations. We identified no new internal control deficiencies related to compliance with Bond Program requirements, effectiveness, and efficiency of operations. The followings are internal control deficiencies and other recommendations that remain unresolved as of June 30, 2021.

Expenditure Management and Controls

- The ballot language addresses projects at the District and school site levels; however, it is unclear if specific expenditures are allowable per the Bond language (see CAPA No. 1 for further information).
- Although applicable only to split-funded employees, the District does not have a documented basis for distributing salary between the narrow category of bond compliant construction projects and routine everyday school facilities administrator expenses. (see CAPA No. 2 for further information).

Program Management

- Fifteen percent of the total invoices reviewed took longer than contractual requirements and were not supported by a payment application/invoice rejection letter justifying the delay. In addition, the District did not include procedures to ensure the District's compliance with contractual agreements, state laws, and regulations in the current procedures manual (see Observation 4.1 for further information).
- The District's standardized items list for Bond Program materials procurement is not current and is potentially not complete (see Observation 7 for further information).
- The District did not provide complete Form 700s for specific management positions defined in the District's board policy within the facility department (see Observations 8 and 9.1 for further information).
- Policies and procedures were centrally located, defined roles and responsibilities, and readily available on the District's website; however, some procedures are inconsistent and incomplete as of June 30, 2021. (see Observations 8 and 9.2 for further information).

Budgetary Management and Change Order Reporting and Controls

- Policies and procedures covering the process for developing and adhering to design and construction budgets are current; however, they are not followed in practice (see Observation 1.1 for further information).
- The District's history of project cancellation increases the risk of poor management and the inefficient use of bond funds (see Observation 1.1 for further information).
- The District does not include expenditures by timeframe based on project forecasts to validate that sufficient funding is available to meet the financial requirements of Measure J objectives (see Observation 2 for further information).
- Policies and procedures surrounding change order review and acceptance are inconsistently applied (See Observation 5.1 for further information).
- There is no defined policy for reporting meaningful change orders to key stakeholders (see Observation 5.3 for further information).
- Change orders are often classified as "errors and omissions" due to the architect's drawings not including all specifications (see Observation 5.4).

We provided improvement recommendations related to our observations for expenditure management and controls, adherence to design and construction cost budgets, adherence to design and construction schedules and timelines, financial reporting and internal controls, payment procedures, change order and claims procedures, bidding and procurement procedures, best practices for procurement of materials and services, conflict of interest, compliance with state laws and guidelines, and board policy.

Management remains responsible for the proper implementation and operation of an adequate internal control system. Due to the inherent limitations of any internal control structure, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that the internal control structure may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

This report is intended solely for the use of the District's Board of Education, management, and the Citizens' Bond Oversight Committee. This report is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California

**Oakland Unified School District
2006 Measure B and 2012 Measure J Funds**

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June30, 2021**

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**Oakland Unified School District
2006 Measure B and 2012 Measure J Bond Funds**

**Background Information
For the Year Ended June 30, 2021**

A. Oakland Unified School District Approved Bond Funds

On June 6, 2006, Oakland voters approved the School Facilities Improvement Bond of 2006 (Measure B), authorizing the District to issue \$435 million of general obligation bonds to finance the school facilities projects specified and listed in the Bond Project List. The funds intend to “repair and modernize elementary, middle and high schools and pre-schools, including renovating classrooms, restrooms and other facilities to meet current safety standards, repairing electrical, plumbing and other building systems; and building libraries, classrooms, and science and computer labs.”

On November 6, 2012, Oakland voters approved the School Facilities Improvement Bond of 2012 (Measure J). Measure J authorized the District to issue \$475 million to “improve the quality of Oakland schools and school facilities to better prepare students for college and jobs, to upgrade science labs, classrooms, computers, and technology, improve student safety and security, repair bathrooms, electrical systems, plumbing, and sewer lines, improve energy efficiency and earthquake safety.”

On November 2, 2020, Oakland voters approved Measure Y. Measure Y authorized the District to issue \$735 million for classroom repair and school safety improvements, including upgrading classrooms, science labs, and technology; improving student safety and security; repairing bathrooms, electrical systems, and plumbing/sewers; and improving energy efficiency/ earthquake safety. We will include measure Y in the scope of the performance audit for the fiscal year in which Measure Y resources are expended.

Bond Program accounting records show total expenditures of \$52,180,266. Measure J Bond Program expenditures totaled \$45,352,645, and Measure B Bond Program expenditures totaled \$6,827,621 in the current year.

Unspent resources on June 30, 2021 are \$74,312,023. Of this total, Measure J includes \$60,369,809, and Measure B includes \$13,942,214. The District sold the final series of bonds under Measure B in August 2016. The August 2020 series of bonds is the final issuance under Measure J. In November 2020, the District received authorization to issue \$735 million of general obligation bonds, not included in this analysis.

B. California State Requirements

A Construction Bond Program Performance Audit is required for the District’s Measure J and Measure B Construction Bonds by Proposition 39, State Constitution Article XIII A, and Education Code Section 15272. These requirements specify that the proceeds from the sale of school facilities bonds can be expended only on Listed Projects. The State Constitution and Education Code require an annual independent performance audit to verify that Bond proceeds were used on Listed Projects. Finally, SB 1473, approved by the Governor on September 23, 2010, amended the California Education Code to add Section 15286, which requires an annual performance audit to be conducted per *Government Auditing Standards* issued by the Comptroller General of the United States.

**Oakland Unified School District
2006 Measure B and 2012 Measure J Bond Funds**

**Background Information
For the Year Ended June 30, 2021**

California voters passed proposition 39 on November 7, 2000. Proposition 39 amended provisions to the California Constitution and the California Education Code. The purpose and intent of the initiative were “to implement class size reduction, to ensure that our children learn in a secure and safe environment, and to ensure that school districts are accountable for prudent and responsible spending for school facilities.” It provided for the following amendments to the California Constitution and California Education Code:

1. To provide an exception to the limitation on ad valorem property taxes and the two-third vote requirements to allow school districts, community college districts, and county offices of education to equip our schools for the 21st Century, to provide our children with smaller classes, and to ensure our children’s safety by repairing, building, furnishing and equipping school facilities;
2. To require school district boards, community college boards, and county offices of education to evaluate the safety, class size reduction, and information technology needs in developing a list of specific projects to present to the voters;
3. To ensure that before they vote, voters will be given a list of specific projects their bond money will be used for;
4. To require an annual, independent financial audit of the proceeds from the sale of the school facilities bonds until all of the proceeds have been expended for the specified school facilities projects; and
5. To ensure that the proceeds from the sale of school facilities bonds are used for specified school facilities projects only, and not for teacher and administrator salaries and other school operating expenses, by requiring an annual independent performance audit to ensure that the funds have been expended on specific projects only.”

**Oakland Unified School District
2006 Measure B and 2012 Measure J Bond Funds**

**Objectives, Scope, and Methodology
For the Year Ended June 30, 2021**

The primary objective of the performance audit included verification of management’s compliance with Proposition 39, which required that bond proceeds only be used for school facilities projects that were listed with the Bond. The District created the Measure J and Measure B Bond funds under Proposition 39, which requires the District to expend these funds proceeds only on Listed Projects and not for school operating expenses.

We conducted this Bond Program performance audit following *Government Auditing Standards* for Performance Audits, July 2019 Revision, issued by the Comptroller General of the United States (GAGAS). As required by GAGAS, we planned and performed the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Because GAGAS performance audit procedures require reasonable assurance, and these audit procedures did not require a detailed examination of all transactions and activities, there is a risk that compliance errors, fraud, or illegal acts may exist that were not detected by us. We have met our audit objective based on the performance audit procedures performed and the results obtained. Performance audit procedures covered July 1, 2020, through June 30, 2021.

Management remains responsible for the proper implementation and operation of an adequate internal control system. Due to the inherent limitations of any internal control structure, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that the internal control structure may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

This performance audit did not constitute an audit of financial statements in accordance with Government Auditing Standards. Eide Bailly was not engaged to and did not render an opinion on District internal controls. The full list of performance audit objectives (as specified by the District and agreed upon for this performance audit) and methodology applied included the following:

Conduct a Performance Audit (CAPA) for Measure J and B

We reviewed the Bond Program’s financial records and expenditures to verify that funds were used for approved Bond Program purposes as outlined in the ballot language, Bond documents, Board-approved Listed Projects, and Proposition 39 requirements. We reviewed the Bond Program’s financial records and expenditures by obtaining the Annual Financial Report and comparing the balances to the District’s detailed accounting records. We analyzed control processes, tested the Bond Program expenditure cycle, and sampled supporting documentation to validate internal controls. We selected all vendor transactions with current-year expenditures of \$100,000 and over and at least one transaction of the vendors with current-year expenditures under \$100,000. We tested 74 percent of vendor expenditures in \$37,932,062, consisting of 144 expenditures from Measure J totaling \$32,589,604 and 33 expenditures from Measure B totaling \$5,342,458.

**Oakland Unified School District
2006 Measure B and 2012 Measure J Bond Funds**

**Objectives, Scope, and Methodology
For the Year Ended June 30, 2021**

These transactions included payments for contractors, employees, and journal entries. We performed our testing procedures to verify:

- Expenditures were for Listed Projects.
- The District obtained approval of payment applications and invoices.
- Expenditures complied with the approved contract, purchase order, or other procurement documentation.
- Expenses were recorded accurately in the District's books and records in the proper period and segregated from District's operations and administration.
- Expenditures met allocability and allowability requirements for allowance and contingency usage per sampled job contract language.
- The District paid expenditures within contractual agreements of 45 days.

We tested 89 percent of the full Measure J and Measure B salary expenditures for \$1,907,159, including 100 percent of payroll-related benefits.

We attended entrance meetings with bond program senior management and are available to meet with District personnel and the Citizens' Bond Oversight on an ongoing basis.

We conducted interviews with key personnel responsible for implementing the bond program. This included individuals in senior management and staff positions responsible for overseeing the planning, design, and construction work associated with the projects, such as team members of OUSD's program management team, OUSD's facilities and administration, and contractor project management. We also interviewed the accounting staff responsible for monitoring and implementing the financial controls over the programs. A complete list of the individuals interviewed is included in Appendix A.

Specific Outcome No.1. Adherence to Design and Construction Cost Budgets

We reviewed management's process for the development and adherence to design and construction budgets on bond-funded projects in the facilities' construction program to gather and test data to determine compliance and measure the effectiveness of controls.

We reviewed the reconciliation of projects for which bond funds were expended to projects approved by the Board, analyzed the reconciliation of projects approved by the Board to projects on the approved facilities master plan, and reviewed the reconciliation of the facilities master plan on the approved project lists for Proposition 39.

Specific Outcome No.2. Adherence to Design and Construction Schedules and Timelines

We reviewed the methods used by bond program management to track the schedule of available resources and expenditures for all projects and to plan each building project per the availability of funds. We walked through existing schedule performance tracking methods, Bond fund expenditure schedules, and sample supporting documentation for expenditures and cost controls performance. Audit procedures included assessment of performance against schedule and controls needed for reliable schedule reporting.

Specific Outcome No.3. Financial Reporting and Internal Controls

We evaluated the actions taken by bond program management to apply policies and procedures that accomplish the Bond Program schedule, scope management, and performance goals. We reviewed Bond Program reporting to provide current, accurate, and complete cost, schedule, and budgetary information to Program stakeholders. We analyzed financial reporting and controls based on interviews and information gathered during the project audit.

This analysis also reviewed the cost, schedule, and budgetary reporting and review methodologies.

Specific Outcome No.4. Payment Processing

We verified that the District was compliant with its policies and procedures related to Proposition 39 expenditures and payments for the period. We documented the use of Bond Program funds and segregation of these funds for Bond Program purposes, traced Bond funds received by OUSD and reconciled amounts received with amounts expended, and verified that these funds were spent for Bond Program purposes. We verified payment approval and cost accounting control design and operation. We conducted a review for payment per contract terms. We gathered and tested data to determine compliance and measure the effectiveness of payment controls. Cost reimbursable contracts were given specific focus and attention, as applicable. We analyzed processes to review and approve contractor charges to prevent excessive fees and overpayments, and We examined payment applications to assess the adequacy of supporting documentation.

Specific Outcome No.5. Change Order and Claim Procedures

We reviewed change order documentation for compliance with Public Contracting Code, California school construction state requirements, and other regulations. We evaluated controls and activities to manage change orders. We reviewed contracts to understand allowable charges and reimbursable costs related to change orders. We analyzed policies and procedures covering the review and approval of contractor change orders to identify potential exposures. Specific consideration was given to change order cause, responsibility, and pricing.

We reviewed policies and procedures to verify whether documentation exists before approval of change orders and confirm that the District obtained the required approvals. Additionally, we evaluated and reviewed the processes used to effectively communicate potential claims and mitigate claims risk.

Specific Outcome No.6. Bidding and Procurement Procedures

We validated support to ensure sole-source procurement was documented, cost justification was available, and the District obtained the required approvals. We summarized the sole source procurement documentation reviewed, including instances where the District narrowly defined the specifications to be vendor-specific. For competitive bids, we verified compliance with the California school construction state requirements, Public Contracting Code, and State and other Professional Services Contract relevant laws and regulations. Additionally, we evaluated procurement controls to apply competitive and compliant contracting practices.

Specific Outcome No.7. Best Practices for Procurement of Materials and Services

We determined whether bond program management had and used a standardized items list and educational specifications for Bond Program materials procurement to identify facilities' material requirements. We assessed whether materials requirements were available to project architects and designers and verified whether materials specifications were used in procurements and provided to all bidders during the procurement process. Review for cost-benefit analysis performed in setting materials standards and district management approvals required significant materials specification changes.

Specific Outcome Nos. 8 and 9. Conflict of Interest and Compliance with State Laws and Guidelines and Board Policy

We analyzed for compliance with selected relevant state laws and regulations regarding school district facilities programs. We performed a risk assessment to identify requirements and regulations to which the District may be subject. The California Schools Accounting Manual (CSAM), Education Code, Public Contract Code, Government Code, California Code of Regulations (Title 21 and Title 24), and other appropriate regulations are considered within our analysis. We selected specific laws and regulations that are considered the highest risk for further review to assess the District's compliance. This analysis does not form a legal opinion or a complete analysis for compliance with all applicable state laws and regulations.

Present Audit Findings

We developed the performance audit conclusions as the engagement progressed. A draft report was prepared at the end of the engagement for distribution and comment before final report issuance. Our report found areas of effective practice and areas needing improvement within the framework of each of the significant scope areas named above. Good practices for each scope area are also presented. It is the responsibility of management, and those charged with governance, to decide whether to accept the risk associated with these conditions because of cost or other considerations.

As required by *Government Auditing Standards*, the elements of a finding are Criteria, Condition, Context, and Recommendation are included in the following pages. The audit recommendations sections include management's response. We considered management's response to our audit findings for reasonableness and consistency with our knowledge of the District, but management's response is not subject to audit procedures.

The deliverables provided to the bond program management are produced collaboratively and objectively, and meaningfully convey the performance audit results to achieve maximum benefit to the District, its Administration, the Citizens' Bond Oversight Committee, and the Governing Board. We are committed to the Oakland Unified School District and are continually available to consult about this report.

Conduct A Performance Audit (CAPA)

We reviewed expenditures for compliance with the Bond's requirements for listed projects to ensure that unallowable costs were not allocated to the Bond Program, under Government Auditing Standards for performance audits. The conclusions of our work are summarized as follows:

CAPA No. 1

The ballot language addresses projects at the District and school site levels; however, particular expenditures are not explicit the Bond language. We reviewed expenses for compliance with the Bond's requirements for Listed Projects to ensure that only allowable costs were allocated to the Bond Program. The District is currently paying rent for space at 1000 Broadway for interim housing of its administration offices totaling \$2.8 million during the fiscal year 2021 from Measure J. The former administration building is not usable due to flooding that occurred during the fiscal year 2013. While the expenditure provides benefits to the District, the Bond language for Measure J does not explicitly address the 1000 Broadway District administration office lease, and also does not expressly define "interim."

This decision was based on the advice of legal counsel and the State Trustee. The then State Trustee wrote a letter to the District's then General Counsel in February 2019 addressing this matter. In the letter, the State Trustee cited discussions with Bond Counsel and concluded: "the [Measure J] language provides ample coverage for paying the lease of the 1000 Broadway site pending the construction of a new administration building..." The current plan was adopted on June 5, 2019, via Board Resolution 1819-0211 to move forward with a permanent District Administrative Center at the former Cole Elementary School, to approve the interim housing location at 1000 Broadway, and to authorize the revision of the Measure J spending plan to show how the current bond will fund the initial planning phase of the permanent housing and the updated rent costs for interim housing. In response to the Board Resolution 1819-0211, the District prepared and presented the new Spending Plan, which includes updated budgets for the extended rent expense for the interim housing and Phase 1 Cole Administrative Center project, dated January 2021 to the Citizens' Bond Oversight Committee on February 5, 2021.

Improvement Recommendations: Bond measures require long-term planning. There is always a trade-off between limiting a future Board's discretion to respond to the changing needs of the community versus the need to specify how each bond dollar must be spent. Key stakeholders may consider explicit language addressing this matter in a future ballot.

CAPA No. 2

For split-funded employees, the District does not have a documented basis for distributing salary between the narrow category of bond compliant construction projects, and routine everyday school facilities administrator expenses. We evaluated and reviewed the funds used for administrator salaries only to the extent they performed administrative oversight work on Measure B or Measure J compliant construction projects, as allowable per Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General. That opinion states that "a school district may use Proposition 39 school bond proceeds to pay the salaries of district employees to the extent they perform administrative oversight work on construction projects authorized by a voter-approved bond measure."

The total salary charged to the bond programs was \$2.2 million. Twenty people are full-time bond program employees. Of these amounts, three people whose collective salary charged to the bond program was approximately \$341 thousand, are allocated between the bond fund (80%) and the general fund (20%) and one person's salary was allocated between the bond fund (90%) and the general fund (10%). This matter does not apply to employees who are performing specific limited tasks, such as cleaning a site before it may be occupied, because timecards document the hours worked in those situations.

We interviewed 7 out of 20, fully funded or cross-funded employees, and reviewed all 20 employees' positions and responsibilities. We also reviewed timesheets for non-recurring payroll expenditures. We reviewed the District's payroll certification signed by the Deputy Chief for the fully funded employees certifying 100 percent allocation of their payroll is based on the actual bond related activities. Based on the conversations with employees, and review of timesheets and other documents, employees funded by the bond funds have exclusive responsibilities related to bond fund or a majority of works involved bond-related activities. Furthermore, from an accounting perspective, the payroll records are complete and accurate; every dollar of salary expense is traceable to the specific employee who is being paid.

Improvement Recommendation: Applicable to employees who work partly in support of non-bond projects (three for fiscal year 2021), we recommend management to formally document the basis for distributing salary between the narrow category of bond compliant construction projects, and routine everyday school facilities administrator expenses. We do not intend that the implementation of this recommendation causes a burden to employees performing their job duties nor an increase in cost to the District. The California School Accounting Manual (CSAM) procedure 905 addresses distributing salaries between restricted funding sources. Those principals and suggestions could be reasonably applied to the District's bond program.

Specific Outcome No.1 – Adherence to Design and Construction Cost Budgets

Observation 1.1

Although none in the current year, the District's project cancellation increases the risk of inefficient use of bond funds. We compared the budget changes from the August 2018 Spending Plan to the January 2021 Spending Plan and evaluated the budget changes' cause. Although not occurring in the current year, we have historically noted examples such as the Education Learning Complex Project (ELC2) budget decreased from \$17.5 million to \$7.5 million due to the project cancellation approved by the board resolution No.1819-0211. The project incurred cumulative expenditures of \$7.2 million as of June 30, 2021, for the project's design. Although the Board may have approved the initial project and the cancellation of the project, it increases the risk of inefficient use of bond funds when the project stops after the significant bond fund has been expended.

Improvement Recommendation: Project cancellation leads to inefficient use of bond funds. A policy allowing for interim updates to the annual spending plan may mitigate future similar projects' risk. In addition, the District should report the project schedule and planned expenditures by project and by funding source to ensure enough funds are available to complete a project. See the recommended reporting under Observation 2.

Specific Outcome No.2 – Adherence to Design and Construction Schedules and Timelines

Observation 2

The District does not include expenditures by *timeframe* based on *project* forecasts to validate that sufficient funding is available to meet the financial requirements of Measure J objectives. We reviewed the methods utilized by management to track the schedule of expected expenditures for all projects and to plan each project in accordance with the availability of funds. Based on the CBOC Report dated June 30, 2021, the "Historical Expenditures Details by Site" and "Details of Expenditure" reports included approved budgets for Measure J and expenditures from inception to FY 2021 for Fund 35 and 25 only (i.e., not Measure J) respectively and omitted the forecasted project-specific expenditures, revenues, and schedule/timeline data.

Improvement Recommendation: Consistent with the Government Finance Officers Association (GFOA), the District should report the project schedule and planned expenditures by a project by funding sources to ensure enough funds are available to complete a project. Per the GFOA Capital Project Monitoring and Reporting best practices for Reporting on Projects Status and Activities, states, "Meaningful reports should provide straightforward project information...Highlight significant changes to project scope, costs, schedule, or funding. To aid in the reporting, an annual snapshot of key schedule, cost estimate, and available funding information should be taken to establish baseline data for performance measures and report components." Without an updated schedule and the associated cash flow by the project, it is difficult to see when the funds will be fully expended. Ensuring there are enough funds to complete a project prior to starting it and reporting the schedule of available revenues will help ensure projects that are started are adequately funded through completion and provide greater visibility into the program's financial position. Based on the review of CBOC minutes and reports

presented subsequent to June 30, 2021, the District has taken steps to implement the recommendation by presenting the project progress/status report. The District should consider including cash flow projections report by project to ensure the sufficient funding for the project completion.

Specific Outcome No.3 – Financial Reporting and Internal Controls

The District has resolved the prior year observations and recommendations under Specific Outcome No.3. We did not identify new observation related to financial reporting and internal controls.

We evaluated the actions taken by bond program management to apply policies and procedures that accomplish the Bond Program schedule, scope management, and performance goals. We reviewed Bond Program reporting as needed to provide current, accurate, and complete cost, schedule, and budgetary information to Program stakeholders. Based on interviews and information gathered during the project audit, we conducted an analysis of financial reporting and controls. This analysis also reviewed the cost, schedule, and budgetary reporting and review methodologies.

Specific Outcome No.4 – Payment Procedures

Observation 4.1

There were instances where payment processing took longer than contractual requirements and was not supported by a payment application/invoice rejection letter justifying the delay. The California Prompt Payment Act requires local governments, including the School District, to pay all payment applications for construction projects within 45 days of receipt and acceptance and payment for professional service agreements within 30 days of receipt and acceptance of the invoice. We reviewed a total of 183 payment applications, of which 34 did not have a date of receipt stamp, and 7 were paid after 45 days without any additional support for justification of the delay. (See Appendix C for additional detail.) The District has expressed challenges over timely payment process due to the COVID-19 health regulations.

The District's procedures manual includes the procedures over "Stop Check Payment and Duplicate Replacement Warrant Check Procedure," which include the procedural steps and responsibilities for delayed payments; however, does not include the step to ensure the compliance with contractual agreements, state laws and other regulations.

Improvement Recommendation: The District should update the procedures manual to include a compliance review step to ensure the District's compliance with contractual agreements, state laws and other regulations. The District should also update their documentation when there is any delay in processing the payment to justify the reason for the delay to mitigate the risk of noncompliance with state laws and regulations.

Specific Outcome No.5 – Change Order and Claim Procedures

Observation 5.1

The policies and procedures surrounding change order review and acceptance are applied inconsistently. The District published the updated *OUSD Facilities Department Standard Operating Procedures Manual* on the District website available for all stakeholders. We reviewed the District's change order policy and procedures and considered whether the policy and procedures have appropriate controls over Public Contracting Code compliance and review and approval prior to issuing vendor payments.

Additionally, we interviewed project managers and reviewed 9 amendments and change order files approved during the fiscal year 2021 to understand how these matters are handled in practice. See Appendix E for the list of amendments and change order reviewed. We identified the following potential issues regarding the actual implementation of change order policies and procedures that include:

- The District's due-diligence process requires that the internal cost estimator performs a review; however, there is no documentation or signatures in the change order package providing written evidence of the analysis. The new procedures manual does not address this matter.
- Two out of nine amendments/changer orders were not provided by the District; therefore, we were not able to determine whether the District complied with PCC 20118.4 and the District's procedures.

7 out of 9 amendments and change order files were following the Public Contracting Code section 20118.4. (See Appendix D for more details).

Improvement Recommendations: The District should continuously update the program procedures manual. Having policies and procedures surrounding change orders that are incomplete can lead to inconsistent implementation in practice, a lack of accountability, and increased claims risk. The GFOA recommends, within their article, *Documenting Accounting Policies and Procedures*, that the documentation of accounting policies and procedures should be evaluated annually and updated periodically no less than once every three years. As a best practice, the District should update and consolidate its policies and procedures surrounding change orders to ensure adequate controls, consistently applied, and communicated to. Any changes in policies and procedures should be updated in the documentation promptly as they occur, and a specific employee should be assigned the duty of overseeing this process. The resulting documentation can also serve as a useful training tool for staff.

Observation 5.2

There is not a defined policy for reporting of meaningful change orders to key stakeholders. As a best practice, decision-makers should be aware of the status and responsible party about meaningful change orders. We reviewed the policies and procedures surrounding the aggregation and reporting of change orders to key stakeholders.

During our interview with project managers, we reviewed the Construction Contract Status Report and observed the following information:

- Project Name
- Project Number
- Original Construction Contract Amount
- Approved Change Order Total
- Approved PCOs Not in Change Orders
- Estimated Costs Not in a PCO
- Final Contract Amount

However, the report does not include change order impact or identification of the responsible party. Identifying change order responsibilities may include classifications such as owner-initiated, scope changes, design errors, contract errors, and unforeseen conditions. Without this level of information, responsibility for change orders and associated costs will not be evident to key decision-makers.

Improvement Recommendation: As a best practice, the District should establish more robust change order reporting within Bond Program reporting to ensure end-users understand change order impact, assigned responsibility, and litigation exposure. To that end, key stakeholders should receive an active litigation report of claims filed. If there are none, there should be a standard report that says, "no litigation at this time." We further recommend that a threshold be established for reporting of *accepted* change orders, that materially increase the use of resources, to key decision-makers. Such a limit could be exceeding the contingency reserve (Allowance Expenditure Directive) amount by a percentage or absolute amount but should be formally set up in policy so that it may be consistently followed.

Change order reporting should include information such as itemized change amount, percentages, descriptions, change responsibility, and date of approval. Within the bond program, change order documentation should be available at the project and program level with both detailed and summary level information available. Review and complete change reporting are necessary to understand change order cause, responsibility, pricing, and compliance and to identify potentially duplicated work scopes and redundancies caused by unclear scope objectives and expectations within the master plan. Policies and procedures surrounding change order management and controls should be updated accordingly to ensure consistent practices. (See Appendix D for an example of change order reporting).

Observation 5.3

Change orders are often classified as “error and omissions” due to the architect’s drawings, not including all specifications. We interviewed five project managers overseeing seven major projects with expenditures exceeding \$1 million dollars within fiscal year 2021 and reviewed the proposed change order listing and status report provided by the project managers. Based on the review of the proposed change orders status report, the project managers indicate Codes A1 through A4 indicating the general causation of the change order. Our analysis of the change order status report showed that change orders were often classified as code A4, “Omission and Error by Architect,” due to the architect’s drawings not including all the specifications.

There is an implicit acknowledgment within the construction industry of the challenges to creating “perfect” building plans. It is normal that some aspects of work are not defined because architects do not have complete information. The industry has established the following categories for change orders; unforeseen conditions, owner directed change, and error & omissions. A broad definition has been established for errors & omissions related to design professionals from minor coordination in the contract documents, varying site conditions to professional negligence. The common law standard of care for performance of design professional (DP) services is generally defined as the ordinary and reasonable care usually exercised by one in that profession, on the same type of project, at the same time and in the same place, under similar circumstances and conditions.

Improvement Recommendation: As a best practice, the District should define a "normal" scope of a change order classified as an architect "error and omissions." Accepted change orders exceeding the defined normal scope, should trigger a review to determine if there is a professional who made a mistake, or if the change order is because of an unforeseeable condition or change in circumstances. The review should include obtaining an understanding the criteria established for the standard of care, consideration could be given to classifying a design related change order into two categories; “Errors or Omissions” when the standard of care is not met, and “Design Coordination” when the standard of care is met.

Specific Outcome No.6 – Bidding and Procurement Procedures

The District has resolved the prior year observations and recommendations under Specific Outcome No.6. We did not identify new observation related to financial reporting and internal controls.

We validated support to ensure the use of sole-source procurement was documented, cost justification was available, and required approvals were applied. We summarized the sole source procurement documentation reviewed, including instances where the specifications were narrowly defined to be vendor-specific. For competitive bids, we verified compliance with requirements of the California school construction state requirements, Public Contracting Code, as well as State and other Professional Services Contract relevant laws and regulations. Additionally, we evaluated procurement controls for the application of competitive and compliant contracting practices.

Specific Outcome No.7 – Best Practices for Procurement of Materials and Services

Observation 7

The District’s standardized items list for Bond Program materials procurement is not current and is potentially not complete. We determined whether OUSD had and used a standardized items list and educational specifications for Bond Program materials procurement to identify facilities material requirements. We reviewed the OUSD Hardware Specifications Guideline Booklet and Draft Materials Standards document. Upon review we noted the following dates of specification updates:

1. OUSD Hardware Specification Guideline Booklet – 12/2/2014.
2. OUSD Materials Standards Draft dated 8/11/2021 (2018 Version is available at the District website).
3. Facilities Master Plan – 2012 (Current material standard is based on the 2012 Facilities Master Plan, but the District has posted FMP 2020 online).
4. OUSD Design Guidelines – 6/30/2020 – Draft.
5. Educational Specifications Elementary School Level – 5/14/2014 – Draft.
6. Educational Specifications Middle School Level – 5/14/2014 – Draft.
7. Educational Specifications High School Level – 5/14/2014 – Draft.
8. Essential Outdoor Classroom Elements – May 2013.
9. Door Hardware Specification Guideline – 12/2/2014.
10. Hydraulic Elevator Standards – June 2019 - Draft.
11. OUSD Minimum Wheelchair Lift Standards – 6/30/2020 – Draft.
12. Fire Alarm Standards – March 2021 (Current material specification is based on 2013 and 2014 standards).
13. Intrusion Alarm System Standards – March 2021 (Current material specification is based on 2013 and 2014 standards).
14. Combination Fire Alarm and Intrusion Alarm System Standards – 12/13/2015.
15. OUSD Standard Network Build Specification – 6/30/2020 – Draft.
16. Technology Services Data & Communications Specifications – 2/24/2021 - Draft.

As noted in the updates above, at least seven categories of standardized specifications are still in draft, signifying they are not complete, reviewed, and approved as a standard specification for use within the District. No evidence of formalized policies was available to document the procedures to update the material standards. The District’s newest Material Standards, which is dated on 8/11/2021, is utilizing at least four categories of older version of specifications and guidelines.

From a facility's safety perspective, external regulations mandate compliance with building codes. There exist multiple layers of an independent review to verify compliance. Nonetheless, standardized specifications are to promote efficiency, energy conservation, and consider the educational needs of the community. Lack of standardization could also lead to increased owner-initiated changes orders, which can increase the project cost or time to completion.

Improvement Recommendations: The District should regularly update its standardized items and educational specifications list to accurately reflect the most current standards and guidance provided by local and state governments. The manual should include details such as material types, standard equipment and systems, manufacturer specification numbers, and minimum standards for new construction and modernization mandated by the District for projects undertaken. This manual should be provided to project architects and designers, and required products and system specifications should be provided to all bidders during the procurement process. As a best practice, these minimum standards mandated by the District should consider facility safety, energy conservation (e.g., Title 21 and 24), longevity, educational requirements, and other appropriate regulations and standards. Procurement staff should be trained on how to utilize the standard specifications when procuring materials or services for the District.

Additionally, the District should define how to make updates to the Standards Specifications document. This policy should ensure that documentation exists, including the requestor and date of request, description of the change, cost-benefit relationship for the change, approver and date of approval, and a time-stamped updated specifications document (see Recommendations 8 and 9.2 for further information). The cost-benefit analysis for significant specification changes should be approved by appropriate OUSD management. The Standard Specifications document should avoid including narrow scope requirements to prevent excessive pricing to OUSD.

Specific Outcome No.8 and 9 – Conflict of Interest and Compliance with State Laws and Guidelines and Board Policy

Observation 8 and 9.1

The District did not provide a conflict-of-interest disclosure for specific management positions defined in the District’s board policy within the facilities department. The District’s Conflict of Interest Code Board Policy (BP 10000) effective March 25, 2021, defines the designated officials, who are required to file Form 700 to comply with the amended Political Reform Act of 1974, which requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. According to section 4 of the Standard Code, designated employees shall file Statements of Economic Interests (California Form 700) with the District who will make the statements available for public inspection and reproduction (Gov. Code, § 81008). Based on the review of the board policy, we identified the following positions are required to file form 700 within the facilities department:

- Consultants
- Deputy Chief of Facilities, Planning & Management
- Executive Director of Facilities Planning and Management

The District did not provide form 700 filed by all the above-mentioned positions.

To supplement the District-wide policy, the facilities department developed an alternative conflict of interest form to be completed by all employees who work within that department. We reviewed 50 of the alternative conflict of interest forms and confirmed that both the Deputy Chief and Director of Facilities Planning and Management had signed the conflict of interest forms.

Improvement Recommendations: Having consolidated and documented policies and procedures as well as maintaining completed forms will provide insight to potential conflicts, allowing the District to make appropriate adjustments and help protect the District if a dispute of interest issues arise. We recommend facilities management to discuss with legal counsel about the current policy, and any recommendations should be implemented by formal written policy. Discussion topics about if the facilities department should have a policy separate from the District, identification of positions subject to the policy, and manner in which reported conflicts of interest are resolved.

We also recommend the District to designate a person responsible for obtaining form 700s for all employees listed in the District policy. The District should provide form 700s in a timely manner upon request of all stakeholders.

Observation 8 and 9.2

Policies and procedures were updated, centrally located, defined roles and responsibilities and readily available at the District's website; however, some procedures are inconsistent and incomplete as of June 30, 2021. The District continues making progress on implementing the prior year bond performance audit report's recommendations including updating the published OUSD Facilities Department Standard Operating Procedures manuals online and having a separate OUSD Procedure Manual; however, key controls such as procedures to ensure the compliance with Prop 39 requirements, collection of time documentations for all bond funded employees, and procedures and document control for stakeholder reporting are not being addressed in the new manual. Our analysis considered laws, policies, and regulations that the District is subject to. Below is a summary of areas and objectives where we noted exceptions:

- Compliance with Ballot Language – See Conduct a Performance Audit.
- Change Orders and Claim Procedures – See Specific Outcome No. 5.
- Best Practices for Procurement of Materials and Services – See Specific Outcome 7.

As of June 30, 2021, the District continued to have two separate procedures manuals: *OUSD Procedures Manual* finalized on September 2020 and *OUSD Facilities Department Standard Operating Procedures Manual*, which is published online. Although these two manuals compliment each other, having two separate procedures manual increases the risk of inconsistent and confusing practices. In addition, the District's OUSD Procedures Manual was not readily available during the time of the audit; therefore, we were not able to verify whether the consistent procedures are communicated on both manuals over all areas mentioned above.

Improvement Recommendation: The district should continuously update and review the procedures manual to ensure the District policy and procedures reflect current requirements under State laws and regulations. The GFOA recommends, within their article “Documenting Accounting Policies and Procedures,” that the documentation of accounting policies and procedures should be evaluated annually and updated periodically no less than once every three years. Any changes in policies and procedures should be updated in the documentation promptly as they occur, and a specific employee should be assigned the duty of overseeing this process. We recommend that construction program procedures are documented, updated correspondingly, and approved promptly. The resulting documentation can also serve as a useful training tool for staff. The District should determine and consolidate procedure manual into one to mitigate the risk of inconsistent practices.

Subsequent to June 30, 2021, the District presented a consolidated revision to the Procedures Manual which we understand is to address this audit recommendation. The revised procedures manual will be subject to audit for the year ended June 30, 2022.

Conduct A Performance Audit (CAPA)

CAPA No. 1 – The ballot language addresses projects at the District and school site levels; however, particular expenditures are not explicit the Bond language.

The current plan was adopted on June 5, 2020, via Board Resolution 1819-0211 to move forward with a permanent District Administrative Center at the former Cole Elementary School.

Interim administrative housing was not needed or contemplated at the time of Measure J's development or passage. Thus, it was not specifically delineated in the Bond Project List. However, the Bond Project List does include a reference to "administrative sites" and to renting facilities "on an interim basis." Further, the use of bond funds for interim administrative housing is explicitly contemplated under Measure J. The Measure J Bond Project List mentions the use of bond funds for "administrative sites," and it mentions the ability to use bond funds for "rental...facilities...on an interim basis, as needed to accommodate...personnel."

CAPA No. 2 – For split-funded employees, the District does not have a documented basis for distributing salary between the narrow category of bond compliant construction projects, and routine everyday school facilities administrator expenses.

We agree that there is not a formal basis of allocation, but the 80 percent allocation for four specific employees is reasonable based on anecdotal evidence. To address this finding, the District will develop a time documentation for record keeping per the California School Accounting Manual (CSAM) Procedures 905.

Specific Outcome No. 1 – Adherence to Design and Construction Cost Budgets

Observation 1.1 The Facilities Department agrees that cancellation of projects can lead to an inefficient Bond program. We have no objection to the measures recommended and welcome the opportunity to present regular Bond program progress reports.

Specific Outcome No. 2 – Adherence to Design and Construction Schedules and Timelines

The District has developed a master schedule for each project in Measure Y and Measure J to be completed, and has implemented the use of "Colbi-Doc (i.e. program management software)" to track each project budget, pending and approved change orders, and planned expenditures by fiscal year. Additionally, the District has developed a project status report that provides the projects scope, schedule, and budget that will be posted on the Facilities Department website.

Specific Outcome No.3 – Financial Reporting and Internal Controls

We are pleased that the prior observations in this area are resolved.

Specific Outcome No. 4 – Payment Procedures

Observation 4.1 We agree with the improvement recommendations.

Specific Outcome No. 5 – Change Order and Claim Procedures

Observation 5.1 We appreciate the recommendations for improvement and want to point out that all change orders are reviewed by the general counsel's office or their designee before presentation to Board for approval. As of February 9, 2022 the District has updated its procedures manual to address the change order process to ensure consistency and compliance with GFOA standard practices.

Observation 5.2 We will investigate how to best summarize the salient issues in each change order and how we're reporting on them to the key decision makers; however, all change orders of the contract are submitted to the School Board for approval.

Observation 5.3 We agree with the establishment of a set of parameters to analyze the performance of each architect against the change orders on each project and development of a management plan for outliers. We do note that change orders are already classified as owner requests, agency requirement, unforeseen conditions, or errors or omissions. The District's classification of change orders is consistent with standard industry best practices.

Specific Outcome No. 6 – Bidding and Procurement Procedures

We are pleased that the prior observations in this area are resolved.

Specific Outcome No. 7 – Best Practices for Procurement of Materials and Services

The Department has updated the design standards for materials and equipment in collaboration with Buildings & Grounds as of August, 2021, and will work to update the education specifications.

Specific Outcome Nos. 8 and 9 – Conflict of Interest and Compliance with State Laws and Guidelines and Board Policy

Observation 8 & 9.1 The District will consult with legal counsel to develop a policies and procedures over conflict of interest form within the facility department to ensure that all officers and employees authorizing procurements and financial commitments submits Form 700 and internally created conflict of interest form on a timely manner in compliance to state laws and board policies.

Observation 8 & 9.2 Per Board Policy 10,000, on an annual basis, the School Board determines which positions are required to report. Due to changes in Program Assignments, implementation was inconsistent during this fiscal year. We appreciate the suggestion to regularly review and update our procedures manual to ensure that our documents are complimentary and not conflicting and will be adding that review to our master calendar tasks.

**Oakland Unified School District
2006 Measure B and 2012 Measure J Funds**

**Appendix A – Interviews Performed
June 30, 2021**

| Name | Position | Date Interviewed |
|--------------------|--|-------------------------|
| Tadashi Nakadegawa | Acting Deputy Chief, Facilities Planning & Management | 3/14/2022 |
| Kenya Chatman | Acting Director of Facilities Planning & Management | 3/14/2022 |
| David Colbert | Acting Director of Facilities Planning & Management | 3/14/2022 |
| Michael Ezeh | Accounting Program Manager | Throughout the audit |
| Juanita Hunter | Administrative Assistant (Contracts & Bids Specialist) | Throughout the audit |
| Sandra Soo | Facilities Accountant II | Throughout the audit |
| Penti III, Tarpeh | Facilities Accountant II | Throughout the audit |
| Jean-Luc Keita | Project Manager- Glenview | 2/4/2022 |
| John Esposito | Project Manager- Emerson | 2/4/2022 |
| JaQuan Cornish | Project Manager- Fremont and ELC | 2/4/2022 |
| Elena Comrie | Project Manager- the Center, Cole | 2/4/2022 |
| Nicole Wells | Project Manager- Madison | 2/4/2022 |

The following table shows the current year status of each prior year performance audit observation.

| Source | Prior Year Observation | Prior Year Recommendation | Current Year Status |
|---------------|---|---|-----------------------------|
| CAPA 1 | The ballot language addresses projects at the District and school site levels; however, particular expenditures are not explicit the Bond language. | Bond measures require long-term planning. There is always a trade-off between limiting a future Board's discretion to respond to the changing needs of the community versus the need to specify how each bond dollar must be spent. Key stakeholders may consider explicit language addressing this matter in a future ballot. | See current year CAPA No. 1 |
| CAPA 2 | The District does not have a documented basis for distributing salary between the narrow category of bond compliant construction projects, and routine everyday school facilities administrator expenses. | The District should formally document the basis for distributing salary between the narrow category of bond compliant construction projects, and routine everyday school facilities administrator expenses. | See current year CAPA No. 2 |
| CAPA 3 | There is a higher than usual risk of noncompliance of approving unallowable expenditures due to a decentralized expense approval procedure for certain interdepartmental transactions. | Although departments other than Facilities may legitimately expend bond funds on eligible activities, we recommend that Facilities personnel remain involved in the approval process. The reason is to mitigate the risk of approving unallowable activities due to decentralized approval processes. The Facilities personnel have the historical experience to assess allowability, to ensure all expenditures are recorded into the bond fund accounting and budget records, to ensure proper reporting of all payments to key stakeholders, and because the Facilities department is ultimately responsible for compliance. | Resolved |

**Appendix B – Review of Prior Year Audit (Continued)
June 30, 2021**

| Source | Prior Year Observation | Prior Year Recommendation | Current Year Status |
|-----------------|--|---|----------------------------|
| Observation 3.1 | Financial reporting lacked enough details for key stakeholders to analyze the schedule at the program and project level. | The District should present the budget-to actual comparisons of expenditures, and the percentage of completion to key stakeholders. | Resolved |
| Observation 3.2 | Financial reporting presented to the stakeholders are not reconciled to the District’s accounting records. | Accounting personnel should work with project managers to implement review and reconciliation procedures to ensure consistent information is communicated between all stakeholders and reported to the CBOC. | Resolved |
| Observation 4.1 | Payment application packages were incomplete. | The District should have a clear guideline for payment processing, and they should be enforced. Templates should be periodically updated to remain applicable. The District should finalize policies and procedures related to the payment approval process, including explicitly updating the payment application form template. | Resolved |
| Observation 4.2 | Construction quality control documentation was incomplete. | The District should have a clear guideline for payment processing, and they should be enforced. Templates should be periodically updated to remain applicable. The District should finalize policies and procedures related to the payment approval process, including explicitly updating the payment application form template. | Resolved |

**Appendix B – Review of Prior Year Audit (Continued)
June 30, 2021**

| Source | Prior Year Observation | Prior Year Recommendation | Current Year Status |
|-----------------|---|--|----------------------------------|
| Observation 3.1 | Financial reporting lacked enough details for key stakeholders to analyze the schedule at the program and project level. | The District should present the budget-to actual comparisons of expenditures, and the percentage of completion to key stakeholders. | Resolved |
| Observation 3.2 | Financial reporting presented to the stakeholders are not reconciled to the District’s accounting records. | Accounting personnel should work with project managers to implement review and reconciliation procedures to ensure consistent information is communicated between all stakeholders and reported to the CBOC. | Resolved |
| Observation 4.1 | Payment application packages were incomplete. | The District should have a clear guideline for payment processing, and they should be enforced. Templates should be periodically updated to remain applicable. The District should finalize policies and procedures related to the payment approval process, including explicitly updating the payment application form template. | Resolved |
| Observation 4.2 | Construction quality control documentation was incomplete. | The District should have a clear guideline for payment processing, and they should be enforced. Templates should be periodically updated to remain applicable. The District should finalize policies and procedures related to the payment approval process, including explicitly updating the payment application form template. | Resolved |
| Observation 4.3 | There were instances where payment processing took longer than contractual requirements and was not supported by a payment application/invoice rejection letter justifying the delay. Additionally, the District’s policy and procedures do not include procedures to ensure the District’s compliance with contractual agreements, state laws and other regulations. | The District should update the procedures manual to include a compliance review step to ensure the District’s compliance with contractual agreements, state laws and other regulations. The District should also update their documentation when there is any delay in processing the payment to justify the reason for the delay to mitigate the risk of noncompliance with state laws and regulations. | See current year Observation 4.1 |

**Appendix B – Review of Prior Year Audit (Continued)
June 30, 2021**

| Source | Prior Year Observation | Prior Year Recommendation | Current Year Status |
|-----------------|--|--|----------------------------------|
| Observation 5.1 | As of June 30, 2020, the District’s Policies lacked claims avoidance considerations, evidence preservation to limit exposure. | Although this matter appears to have been resolved with the September 23, 2020 Procedures Manual, it was not explicitly subject to our audit procedures because the resolution was after June 30, 2020. | Resolved |
| Observation 5.2 | The policies and procedures surrounding change order review and acceptance are inconsistently applied and incomplete. | The District should continuously update the program procedures manual. Having policies and procedures surrounding change orders that are incomplete can lead to inconsistent implementation in practice, a lack of accountability, and increased claims risk. | See current year observation 5.1 |
| Observation 5.3 | There is not a defined policy for reporting of meaningful change orders to key stakeholders. | The District should establish more robust change order reporting within Bond Program reporting to ensure end users understand change order impact, assigned responsibility, and litigation exposure. | See current year Observation 5.2 |
| Observation 5.4 | Change orders are often classified as "error and omissions" due to the architect's drawings, not including all specifications. | The District should define a "normal" scope of a change order classified as an architect "error and omissions." Bond program management should further create a database to monitor the situations where they went beyond reasonable scope threshold, to identify if the same architect, or other patterns, are contributing to a disproportionate volume of "errors and omissions." | See current year Observation 5.3 |
| Observation 6.1 | Conflicting policies and procedures surrounding procurement could lead to inconsistent application. | The procurement procedures listed on the OUSD Facilities Department Standard Operating Procedures Manual should be reviewed for consistency and simplicity with the District’s procurement policy. | Resolved |
| Observation 6.2 | Bid documents - The District was unable to provide the scoresheets, so we could not determine if the lowest cost or best value vendors were selected for four public works projects. | The District should update the policies and procedures to ensure the maintenance of bid and procurement documentation that is readily available in a central location, either physically or electronically. | Resolved |

**Appendix B – Review of Prior Year Audit (Continued)
June 30, 2021**

| Source | Prior Year Observation | Prior Year Recommendation | Current Year Status |
|-----------------------|---|--|--|
| Observation 6.3 | Contract documents - The District did not provide complete contract documentation for four out of 58 sampled contracts, or 7 percent. | The District should maintain complete and consolidated bid and procurement documentation that is readily available in a central location, either physically or electronically. | Resolved |
| Observation 7 | The District’s standardized items list for Bond Program materials procurement is not current and is potentially not complete. | The District should regularly update its standardized items and educational specifications list to accurately reflect the most up-to-date standards and guidance provided by local and state governments. The District should define how to make updates to the Standards Specifications document. This policy should ensure that documentation exists, including the requestor and date of request, description of the change, cost-benefit relationship for the change, approver and date of approval, and a time-stamped updated specifications document. | See current year Observation 7 |
| Observation 8 and 9.1 | The District did not provide conflict of interest disclosure for specific management positions defined in the District's board policy within the facility department. | We recommend facilities management to discuss with legal counsel about the current policy, and any recommendations should be implemented by formal written policy. Discussion topics about if the facilities department should have a policy separate from the District, identification of positions subject to the policy, and manner in which reported conflicts of interest are resolved. | See current year Observation 8 and 9.1 |
| Observation 8 and 9.2 | Policies and procedures were centrally located, defined roles and responsibilities and readily available at the District’s website; however, some procedures are inconsistent and incomplete as of June 30, 2020. | The district should continuously update and review the procedures manual to ensure the District policy and procedures reflect current requirements under State laws and regulations. We recommend that construction program procedures are documented, updated correspondingly, and approved promptly. The resulting documentation can also serve as a useful training tool for staff. The District should determine and consolidate procedure manual into one to mitigate the risk of inconsistent practices. | See current year Observation 8 and 9.2 |

**Oakland Unified School District
2006 Measure B and 2012 Measure J Funds**

**Appendix C – Observation 4.1
June 30, 2021**

The following table contains the payments took more than 45 days per the contractual agreement, if applicable. See Observation 4.1 for additional details.

| PO # | Check# | VendorName | JE Posted Date | Amount | Invoice Date | AP received date | Date Payment posted | Payment Processing time |
|------------------|---------------|-------------------------------------|-----------------------|---------------|---------------------|-------------------------|----------------------------|--------------------------------|
| Measure B | | | | | | | | |
| PO20-09315 | 51454135 | THOMPSON BUILDERS INC | 6/30/2021 | \$ 23,555 | 5/26/2021 | 6/10/2021 | 9/17/2021 | 99 |
| PO21-02041 | 51370785 | DEPT OF TOXICS & SUBSTANCES CONTROL | 11/3/2020 | 2,970.06 | 9/16/2020 | 9/21/2020 | 11/3/2020 | 43 |
| PO21-02123 | 51401030 | OVERAA TULUM ECLIPSE JV | 03/19/2021 | 2,395,805.08 | 3/15/2021 | Undetermined | 3/19/2021 | Undetermined |
| PO21-00686 | 51376562 | AGS INC. | 11/24/2020 | 13,095.54 | 11/6/2020 | Undetermined | 11/24/2020 | Undetermined |
| PO21-00895 | 51359887 | CALIFORNIA GEOLOGICAL SURVEY | 9/2/2020 | 3,600.00 | 8/21/2020 | Undetermined | 9/2/2020 | Undetermined |
| PO21-00684 | 51359990 | HARDISON KOMASTSU IVELICH & TUCKER | 9/2/2020 | 7,000.00 | 7/31/2020 | Undetermined | 9/2/2020 | Undetermined |
| PO21-01119 | 51366867 | CDW-G | 10/16/2020 | 42,716.16 | 9/14/2020 | Undetermined | 10/16/2020 | Undetermined |
| PO21-06903 | 51428257 | DIGITAL DESIGN COMMUNICATIONS | 6/3/2021 | 80,256.96 | 4/8/2021 | Undetermined | 6/3/2021 | Undetermined |
| PO21-01093 | 51362143 | EAST BAY BLUE PRINT AND SUPPLY | 9/16/2020 | 63.48 | 7/21/2020 | Undetermined | 4/16/2020 | Undetermined |

**Oakland Unified School District
2006 Measure B and 2012 Measure J Funds**

**Appendix C – Observation 4.1 (Continued)
June 30, 2021**

| PO # | Check# | VendorName | JE Posted Date | Amount | Invoice Date | AP received date | Date Payment posted | Payment Processing time |
|------------------|---------------|--|---------------------------|---------------|---------------------|-----------------------------|--------------------------------|------------------------------------|
| Measure J | | | | | | | | |
| PO21-01097 | 51370711 | APPLIED MATERIALS ENGINEERING | 11/3/2020 | 5,743 | 8/20/2020 | 9/3/2020 | 11/3/2020 | 61 |
| PO20-09607 | 51364322 | CONSOLIDATED ENGINEERING LABORATORIES | 10/2/2020 | 11,813 | 6/9/2020 | 7/22/2020 | 10/2/2020 | 72 |
| PO19-08780 | 51356837 | JOHNSON CONTROLS FIRE PROTECT. | 8/19/2020 | 1,296 | 6/22/2020 | 6/26/2020 | 8/19/2020 | 54 |
| PO21-04053 | 51397976 | HERTZ ENVIRONMENTAL, INC. | 3/5/2021 | 1,750 | 12/31/2020 | 1/13/2021 | 3/5/2021 | 51 |
| PO21-00112 | 51370900 | NORTHERN SAFETY & INDUSTRIAL | 11/3/2020 | 3,997 | 8/10/2020 | 8/17/2020 | 11/3/2020 | 78 |
| PO21-01851 | 51367025 | SHAH KAWASAKI ARCHITECTS, | 10/16/2020 | 211,717 | 8/5/2020 | Undetermined | 10/16/2020 | Undetermined |
| PO21-02605 | 51435190 | GOULD EVANS | 6/25/2021 | 133,195 | 6/17/2021 | Undetermined | 6/25/2021 | Undetermined |
| PO21-01445 | 51395081 | COLBI TECHNOLOGIES, INC. | 2/19/2021 | 127,500 | 1/27/2021 | Undetermined | 2/19/2021 | Undetermined |
| PO21-05512 | 51415405 | EIDE BAILLY, LLP | 4/16/2021 | 120,000 | 2/28/2021 | Undetermined | 4/16/2021 | Undetermined |
| PO21-00691 | 51381941 | CORDOBA CORP | 12/16/2020 | 110,610 | 12/8/2020 | Undetermined | 12/16/2020 | Undetermined |
| PO21-02254 | 51415413 | FAGEN FRIEDMAN & FULFROST | 4/16/2021 | 3,868 | 11/25/2020 | Undetermined | 4/16/2021 | Undetermined |
| PO21-01094 | 51382035 | K 12 SCHOOL FACILITIES | 12/16/2020 | 5,541 | 12/4/2020 | Undetermined | 12/16/2020 | Undetermined |
| PO21-00801 | 51360013 | LAMPHIER-GREGORY | 9/2/2020 | 4,584 | 5/26/2020 | Undetermined | 9/2/2020 | Undetermined |
| PO21-00563 | 51373943 | LAYA'S PARTNERSHIP | 11/13/2020 | 16,328 | 11/9/2020 | Undetermined | 11/13/2020 | Undetermined |
| PO21-01561 | 51404783 | MK THINK | 4/2/2021 | 13,980 | 3/4/2021 | Undetermined | 4/2/2021 | Undetermined |
| PO21-02162 | 51370927 | PERKINS EASTMAN ARCHITECTS DPC | 11/3/2020 | 7,500 | 10/7/2020 | Undetermined | 11/3/2020 | Undetermined |
| No PO | 51360060 | PUBLIC ECONOMICS | 9/2/2020 | 3,182 | 6/30/2018 | Undetermined | 9/2/2020 | Undetermined |
| PO21-06582 | 51435419 | TERRAPHASE ENGINEERING, | 6/25/2021 | 3,443 | 6/18/2021 | Undetermined | 6/25/2021 | Undetermined |
| PO21-06653 | 51422226 | DEVELOPMENT GROUP | 5/14/2021 | 200,302 | 4/29/2021 | Undetermined | 5/14/2021 | Undetermined |
| PO21-00757 | 51359883 | BAY CITY BOILER & ENGINEERING CO. INC | 9/2/2020 | 144,765 | 8/3/2020 | Undetermined | 9/2/2020 | Undetermined |
| PO21-01751 | 51441712 | ARBITRAGE COMPLIANCE SPECIALIST | 6/30/2021 | 1,450 | 4/27/2021 | Undetermined | 7/26/2021 | Undetermined |
| PO21-01298 | 51364292 | BAY AREA NEWS GROUP - EAST BAY | 10/2/2020 | 648 | 6/30/2020 | Undetermined | 10/2/2020 | Undetermined |
| PO21-04477 | 51435080 | BRAILSFORD & DUNLAVEY, | 6/25/2021 | 79,088 | 6/21/2021 | Undetermined | 6/25/2021 | Undetermined |
| PO21-00803 | 51359889 | CANON SOLUTIONS AMERICA | 9/2/2020 | 5,829 | 8/10/2020 | Undetermined | 9/2/2020 | Undetermined |

**Oakland Unified School District
2006 Measure B and 2012 Measure J Funds**

**Appendix C – Observation 4.1 (Continued)
June 30, 2021**

| PO # | Check# | VendorName | JE Posted Date | Amount | Invoice Date | AP received date | Date Payment posted | Payment Processing time |
|------------------------------|---------------|--------------------------------|-----------------------|---------------|---------------------|-------------------------|----------------------------|--------------------------------|
| Measure J (continued) | | | | | | | | |
| PO21-01300 | 51441781 | EAST BAY BLUE PRINT AND SUPPLY | 6/30/2021 | 85 | 4/12/2021 | Undetermined | 7/26/2021 | Undetermined |
| PO21-01029 | 51364345 | ELITE SECURITY SERVICES | 10/2/2020 | 16,119 | 9/30/2020 | Undetermined | 10/2/2020 | Undetermined |
| PO21-04476 | 51437386 | ENGEO INC. | 6/30/2021 | 2,581 | 6/25/2021 | Undetermined | 7/8/2021 | Undetermined |
| PO21-01299 | 51362217 | NOR-CAL MOVING SERVICES | 9/16/2020 | 27,800 | 8/21/2020 | Undetermined | 9/15/2020 | Undetermined |
| PO21-02401 | 51391537 | OFFICE DEPOT | 2/5/2021 | 108 | 11/11/2020 | Undetermined | 2/5/2021 | Undetermined |
| PO21-02253 | 51376709 | ONE WORKPLACE | 11/24/2020 | 89,701 | 8/28/2020 | Undetermined | 11/24/2020 | Undetermined |
| PO21-00887 | 51370948 | ROOK ELECTRIC CO. | 11/3/2020 | 13,032 | 10/6/2020 | Undetermined | 11/3/2020 | Undetermined |
| PO21-02823 | 51382175 | SMALL BUSINESS EXCHANGE | 12/16/2020 | 468 | 11/6/2020 | Undetermined | 12/16/2020 | Undetermined |

**Oakland Unified School District
2006 Measure B and 2012 Measure J Funds**

**Appendix D – Observation 5.2
June 30, 2021**

The following table contains the list of change order reviewed. See Observation 5.2 for additional details

| Site | Project Name | Project # | Vendor Name | CO/Amendment # | Reviewed by Internal Cost Estimator | Approved by Legal | Approved by Director | Approved by Deputy Chief | Approved by Board? | Complied with PCC 20118.4? |
|-----------------------|------------------------------------|-----------|-------------------------------------|--------------------------------|---|----------------------|-------------------------|-----------------------------|-----------------------|-------------------------------|
| Fremont | Modernization & New Constuction | 13158 | LCA Architects | Amendment #7 | Undetermined | Y | Y | Y | Y | Y |
| Fremont | Modernization & New Constuction | 13158 | Cahill/Focon JV | Addendum 4A to Amendment #3 | Undetermined | Y | Y | Y | Y | Y |
| Glenview | New Construction | 13134 | ADCO/Alten JV | Change Order #1 (Inc. 1/2) | Undetermined | Undetermined | Undetermined | Undetermined | Undetermined | Undetermined |
| Glenview | New Construction | 13134 | ADCO/Alten JV | Change Order #2 (Inc. 1/2) | Undetermined | Undetermined | Undetermined | Undetermined | Undetermined | Undetermined |
| Center | Foster-The Center | 13133 | Overaa Tulum Eclipse JV | Change Order #4 | Undetermined | Y | Y | Y | Y | Y |
| Center | Foster-The Center | 13133 | Overaa Tulum Eclipse JV | Change Order #5 | Undetermined | Y | Y | Y | Y | Y |
| Center | Foster-The Center | 13133 | Overaa Tulum Eclipse JV | Change Order #3 | Undetermined | Y | Y | Y | Y | Y |
| Madison | High School Expansion | 13124 | Innovative Construction | Change Order #1 | Undetermined | Y | Y | Y | Y | Y |
| Emerson Ball Field | Soft Ball Field | 17111 | Redgwick construction Company | Change Order #1 | N/A | N/A | Y | Y | N/A | Y |

**Oakland Unified School District
2006 Measure B and 2012 Measure J Funds**

**Appendix E – List of Expenditures Reviewed
June 30, 2021**

The following table lists expenditures selected and tested for compliance and assessed for internal control.

| PO # | Vendor Name | Warrant # | Date | Amount |
|------------------|---------------------------------------|------------------|-------------|---------------|
| Measure B | | | | |
| PO21-02123 | OVERAA TULUM ECLIPSE JV | 51401030 | 3/19/2021 | \$ 2,395,805 |
| PO21-02123 | OVERAA TULUM ECLIPSE JV | 51422404 | 5/14/2021 | 1,005,933 |
| PO21-01288 | Redgwick Construction Co. | 51382138 | 6/10/2021 | 508,782 |
| PO21-01288 | Redgwick Construction Co. | 51362254 | 6/10/2021 | 274,305 |
| PO21-01288 | Redgwick Construction Co. | 51364468 | 6/10/2021 | 194,463 |
| PO21-01437 | INNOVATIVE CONSTRUCTION CO. | 51422306 | 5/14/2021 | 170,741 |
| PO21-01442 | S MEEK ARCHITECTURE | 51382154 | 12/16/2020 | 145,614 |
| PO21-01437 | INNOVATIVE CONSTRUCTION CO. | 51364385 | 10/2/2020 | 130,895 |
| PO21-01437 | INNOVATIVE CONSTRUCTION CO. | 51384950 | 1/8/2021 | 105,563 |
| PO21-03295 | DIVISION OF STATE ARCHITECTS | 51384920 | 1/8/2021 | 101,704 |
| PO21-00686 | AGS INC. | 51376562 | 11/24/2020 | 13,096 |
| PO21-00454 | ANTHONIO, INC. | 51362081 | 9/16/2020 | 397 |
| PO21-01440 | APPLIED MATERIALS ENGINEERING | 51366834 | 10/16/2020 | 12,025 |
| PO21-01441 | BYRENS KIM DESIGN WORKS | 51435146 | 6/25/2021 | 5,616 |
| PO21-00895 | CALIFORNIA GEOLOGICAL SURVEY | 51359887 | 9/2/2020 | 3,600 |
| PO21-01119 | CDW-G | 51366867 | 10/16/2020 | 42,716 |
| PO21-03310 | CODY ANDERSON WASNEY ARCHITECTS | 51400897 | 3/19/2021 | 56,004 |
| PO21-05420 | CONSOLIDATED ENGINEERING LABORATORIES | 51415370 | 4/16/2021 | 540 |
| PO21-02041 | DEPT OF TOXICS & SUBSTANCES CONTROL | 51370785 | 11/3/2020 | 2,970 |
| PO21-06903 | DIGITAL DESIGN COMMUNICATIONS | 51428257 | 6/3/2021 | 80,257 |
| PO21-01093 | EAST BAY BLUE PRINT AND SUPPLY | 51362143 | 9/16/2020 | 63 |
| PO21-00399 | GEOSPHERE CONSULTANTS | 51426447 | 5/25/2021 | 9,500 |
| PO21-00684 | HARDISON KOMASTSU IVELICH & TUCKER | 51359990 | 9/2/2020 | 7,000 |
| PO21-00457 | JENSEN HUGHES | 51370838 | 11/3/2020 | 1,436 |
| PO21-04332 | JOHNSON CONTROLS FIRE PROTECT. | 51426478 | 5/25/2021 | 893 |
| PO21-00488 | KDI CONSULTANTS | 51426488 | 5/25/2021 | 11,020 |
| PO21-01099 | KW ENGINEERING | 51426494 | 5/25/2021 | 5,031 |
| PO21-00932 | MOBILE MODULAR MANAGEMENT CORP | 51360029 | 9/2/2020 | 5,007 |
| PO20-04304 | NINYO & MOORE | No Check | 10/21/2020 | (559) |
| PO21-02775 | OJO TECHNOLOGY | 51430629 | 6/11/2021 | 20,098 |
| PO21-00400 | STAR ELEVATOR, | 51382185 | 12/16/2020 | 1,440 |
| PO20-09315 | THOMPSON BUILDERS INC | 51454135 | 6/30/2021 | 23,555 |
| PO21-01096 | URBAN DESIGN CONSULTING | 51364512 | 10/2/2020 | 6,947 |

**Oakland Unified School District
2006 Measure B and 2012 Measure J Funds**

**Appendix E – List of Expenditures Reviewed (Continued)
June 30, 2021**

| PO # | Vendor Name | Warrant # | Date | Amount |
|------------------|---|------------------|-------------|---------------|
| Measure J | | | | |
| PO21-00797 | CAHILL/FOCON JOINT VENTURE | 51359886 | 9/2/2020 | \$ 4,162,213 |
| PO21-00797 | CAHILL/FOCON JOINT VENTURE | 51366860 | 10/16/2020 | 3,713,717 |
| PO21-00797 | CAHILL/FOCON JOINT VENTURE | 51362101 | 9/16/2020 | 2,997,920 |
| PO21-00797 | CAHILL/FOCON JOINT VENTURE | 51376594 | 11/24/2020 | 2,658,967 |
| PO21-00797 | CAHILL/FOCON JOINT VENTURE | 51388583 | 1/25/2021 | 2,387,801 |
| PO21-00797 | CAHILL/FOCON JOINT VENTURE | 51435091 | 6/25/2021 | 2,084,015 |
| PO21-00797 | CAHILL/FOCON JOINT VENTURE | 51381919 | 12/16/2020 | 1,965,747 |
| PO21-03630 | ADCO/TURNER GROUP/ALTEN JOINT VENTURE | 51391297 | 2/5/2021 | 1,033,485 |
| PO21-02161 | ADCO/TURNER GROUP/ALTEN JOINT VENTURE | 51370694 | 11/3/2020 | 855,808 |
| PO21-00797 | CAHILL/FOCON JOINT VENTURE | 51435091 | 6/25/2021 | 671,892 |
| PO21-00692 | METRO CONTRACT GROUP | 51384972 | 1/8/2021 | 568,417 |
| PO21-00797 | CAHILL/FOCON JOINT VENTURE | 51435091 | 6/25/2021 | 546,552 |
| PO21-02161 | ADCO/TURNER GROUP/ALTEN JOINT VENTURE | 51381873 | 12/16/2020 | 399,515 |
| PO21-02161 | ADCO/TURNER GROUP/ALTEN JOINT VENTURE | 00029981 | 1/8/2021 | 387,716 |
| PO21-00797 | CAHILL/FOCON JOINT VENTURE | 51435091 | 6/25/2021 | 341,389 |
| PO21-00113 | SPARKNIGHT LLC c/o CBRE-ASSET SERVICE DEPT. | 51383629 | 3/31/2021 | 260,447 |
| GJ22-00010 | SPARKNIGHT LLC c/o CBRE-ASSET SERVICE DEPT. | N/A | 6/30/2021 | (244,451) |
| PO21-00798 | LCA ARCHITECTS | 51388662 | 1/25/2021 | 225,774 |
| PO21-01851 | SHAH KAWASAKI ARCHITECTS | 51367025 | 10/16/2020 | 211,717 |
| PO21-06653 | DEVELOPMENT GROUP | 51422226 | 5/14/2021 | 200,302 |
| PO21-00691 | CORDOBA CORP | 51362127 | 9/16/2020 | 181,444 |
| PO21-00691 | CORDOBA CORP | 51437356 | 6/30/2021 | 178,514 |
| PO21-00691 | CORDOBA CORP | 51366882 | 10/16/2020 | 174,435 |
| PO21-00691 | CORDOBA CORP | 51415373 | 4/16/2021 | 171,807 |
| PO21-00691 | CORDOBA CORP | 51435128 | 6/25/2021 | 170,810 |
| PO21-00691 | CORDOBA CORP | 51359956 | 9/2/2020 | 170,227 |
| PO21-00691 | CORDOBA CORP | 51400905 | 3/19/2021 | 162,105 |
| PO21-02123 | OVERAA TULUM ECLIPSE JV | 51370915 | 11/3/2020 | 161,446 |
| PO21-00691 | CORDOBA CORP | 51395089 | 2/19/2021 | 160,971 |
| PO21-00691 | CORDOBA CORP | 51373894 | 11/13/2020 | 158,940 |
| PO21-00691 | CORDOBA CORP | 51388598 | 1/25/2021 | 156,456 |
| PO21-02161 | ADCO/TURNER GROUP/ALTEN JOINT VENTURE | 51388552 | 1/25/2021 | 154,093 |
| PO21-03630 | ADCO/TURNER GROUP/ALTEN JOINT VENTURE | 51418268 | 4/27/2021 | 154,093 |
| PO21-03630 | ADCO/TURNER GROUP/ALTEN JOINT VENTURE | 51418268 | 4/27/2021 | 154,093 |
| PO21-03630 | ADCO/TURNER GROUP/ALTEN JOINT VENTURE | 51426321 | 5/25/2021 | 154,093 |
| PO21-02161 | ADCO/TURNER GROUP/ALTEN JOINT VENTURE | 51435010 | 6/25/2021 | 154,093 |
| PO21-00798 | LCA ARCHITECTS | 51382055 | 12/16/2020 | 150,106 |
| PO21-00691 | CORDOBA CORP | 51435128 | 6/25/2021 | 148,839 |
| PO21-01851 | SHAH KAWASAKI ARCHITECTS | 51367025 | 10/16/2020 | 146,926 |
| PO21-00757 | BAY CITY BOILER & ENGINEERING CO. INC | 51359883 | 9/2/2020 | 144,765 |

**Oakland Unified School District
2006 Measure B and 2012 Measure J Funds**

**Appendix E – List of Expenditures Reviewed (Continued)
June 30, 2021**

| PO # | Vendor Name | Warrant # | Date | Amount |
|------------------------------|---|------------------|-------------|---------------|
| Measure J (Continued) | | | | |
| PO21-02605 | GOULD EVANS | 51435190 | 6/25/2021 | \$ 133,195 |
| PO21-03637 | REDGWICK CONSTRUCTION | 51391579 | 2/5/2021 | 132,335 |
| PO21-00798 | LCA ARCHITECTS | 51395169 | 2/19/2021 | 128,309 |
| PO21-01445 | COLBI TECHNOLOGIES, INC. | 51395081 | 2/19/2021 | 127,500 |
| PO21-00758 | BAY CITY BOILER & ENGINEERING CO. INC | 51381902 | 12/16/2020 | 125,485 |
| PO21-02161 | ADCO/TURNER GROUP/ALTEN JOINT VENTURE | 51397833 | 3/5/2021 | 124,093 |
| PO21-00113 | SPARKNIGHT LLC c/o CBRE-ASSET SERVICE DEPT. | 51426621 | 5/25/2021 | 121,433 |
| PO21-00113 | SPARKNIGHT LLC c/o CBRE-ASSET SERVICE DEPT. | 51389266 | 1/26/2021 | 121,430 |
| PO21-00113 | SPARKNIGHT LLC c/o CBRE-ASSET SERVICE DEPT. | 51398116 | 3/5/2021 | 121,430 |
| PO21-00113 | SPARKNIGHT LLC c/o CBRE-ASSET SERVICE DEPT. | 51403539 | 3/26/2021 | 121,430 |
| PO21-05512 | EIDE BAILLY, LLP | 51415405 | 4/16/2021 | 120,000 |
| PO21-00113 | SPARKNIGHT LLC c/o CBRE-ASSET SERVICE DEPT. | 51360076 | 9/2/2020 | 118,877 |
| PO21-00113 | SPARKNIGHT LLC c/o CBRE-ASSET SERVICE DEPT. | 51370966 | 11/3/2020 | 118,866 |
| PO21-00113 | SPARKNIGHT LLC c/o CBRE-ASSET SERVICE DEPT. | 51364487 | 10/2/2020 | 118,865 |
| PO21-00113 | SPARKNIGHT LLC c/o CBRE-ASSET SERVICE DEPT. | 51377765 | 12/2/2020 | 118,855 |
| PO21-00113 | SPARKNIGHT LLC c/o CBRE-ASSET SERVICE DEPT. | 51354523 | 8/5/2020 | 115,780 |
| PO21-01883 | DIVISION OF STATE ARCHITECTS | 51370789 | 11/3/2020 | 114,201 |
| PO21-00691 | CORDOBA CORP | 51381941 | 12/16/2020 | 110,610 |
| PO21-00798 | LCA ARCHITECTS | 51382055 | 12/16/2020 | 108,722 |
| PO21-00798 | LCA ARCHITECTS | 51360017 | 9/2/2020 | 108,140 |
| PO21-00113 | SPARKNIGHT LLC c/o CBRE-ASSET SERVICE DEPT. | 51432411 | 6/21/2021 | 105,671 |
| PO21-00798 | LCA ARCHITECTS | 51362191 | 9/16/2020 | 105,389 |
| PO21-02161 | ADCO/TURNER GROUP/ALTEN JOINT VENTURE | 51441700 | 6/30/2021 | 104,972 |
| PO21-01439 | HARDISON KOMASTSU IVELICH & TUCKER | 51418391 | 4/27/2021 | 101,401 |
| PO21-02606 | ACC ENVIRONMENTAL CONSULTANTS | 51430402 | 6/11/2021 | 9,200 |
| PO21-03492 | ANIXTER INC. | 51397847 | 3/5/2021 | 777 |
| PO21-01863 | ANTHONIO, INC. | 51370709 | 11/3/2020 | 9,430 |
| PO21-01097 | APPLIED MATERIALS ENGINEERING | 51370711 | 11/3/2020 | 5,743 |
| PO21-01751 | ARBITRAGE COMPLIANCE SPECIALIST | 51441712 | 6/30/2021 | 1,450 |
| PO21-01175 | AREY JONES | 51373863 | 11/13/2020 | 30 |
| PO21-07027 | ATLAS TECHNICAL CONSULTANTS | 51432347 | 6/21/2021 | 1,969 |
| PO21-01298 | BAY AREA NEWS GROUP - EAST BAY | 51364292 | 10/2/2020 | 648 |
| PO21-04477 | BRAILSFORD & DUNLAVEY | 51435080 | 6/25/2021 | 79,088 |
| PO21-01562 | BYRENS KIM DESIGN WORKS | 51364307 | 10/2/2020 | 189 |
| PO21-01339 | CALIFORNIA BANK OF COMMERCE #1103043 | 51382139 | 12/16/2020 | 8,369 |
| PO21-02732 | CALIFORNIA GEOLOGICAL SURVEY | 51381921 | 12/16/2020 | 3,600 |
| PO21-00803 | CANON SOLUTIONS AMERICA | 51359889 | 9/2/2020 | 5,829 |
| PO20-08802 | CDW-G | 51362108 | 9/16/2020 | 4,556 |
| PO21-02607 | CHPS | 51376610 | 11/24/2020 | 2,700 |

**Oakland Unified School District
2006 Measure B and 2012 Measure J Funds**

**Appendix E – List of Expenditures Reviewed (Continued)
June 30, 2021**

| PO # | Vendor Name | Warrant # | Date | Amount |
|------------------------------|--|------------------|-------------|---------------|
| Measure J (Continued) | | | | |
| PO21-03310 | CODY ANDERSON WASNEY ARCHITECTS | 51395079 | 2/19/2021 | \$ 13,209 |
| PO21-01293 | COLLAND JANG ARCHITECTURE | 51415366 | 4/16/2021 | 49,783 |
| PO20-09607 | CONSOLIDATED ENGINEERING LABORATORIES | 51364322 | 10/2/2020 | 11,813 |
| PO21-04331 | CONSOLIDATED ENGINEERING LABORATORIES | 51397918 | 3/5/2021 | 7,000 |
| PO21-02039 | CORODATA SHREDDING | 51381942 | 12/16/2020 | 52 |
| PO21-02678 | Crown Worldwide | 51388602 | 1/25/2021 | 16,967 |
| PO21-00689 | CUMMING CONSTRUCTION MANAGEMENT | 51426399 | 5/25/2021 | 64,323 |
| PO21-01098 | DAILY JOURNAL CORPORATION | 51428254 | 6/3/2021 | 390 |
| PO21-03621 | DATA MEDIA SERVICES | 51391401 | 2/5/2021 | 40,000 |
| PO21-04448 | DEPT OF TOXICS & SUBSTANCES CONTROL | 51400917 | 3/19/2021 | 25,700 |
| PO21-01300 | EAST BAY BLUE PRINT AND SUPPLY | 51441781 | 6/30/2021 | 85 |
| PO21-00696 | ELATION SYSTEMS | 51364344 | 10/2/2020 | 37,500 |
| PO21-01029 | ELITE SECURITY SERVICES | 51364345 | 10/2/2020 | 16,119 |
| RTC21-00284 | Employee Reimbursement | 51381844 | 12/16/2020 | 54 |
| PO21-04476 | ENGEO INC. | 51437386 | 6/30/2021 | 2,581 |
| PO21-02254 | FAGEN FRIEDMAN & FULFROST | 51415413 | 4/16/2021 | 3,868 |
| PO21-00682 | FEDEX NATIONAL LTL | 51397954 | 3/5/2021 | 55 |
| PO21-01292 | GUTTMANN & BLAEVOET | 51370825 | 11/3/2020 | 25,343 |
| PO21-04053 | HERTZ ENVIRONMENTAL, INC. | 51397976 | 3/5/2021 | 1,750 |
| PO21-02665 | ILLUMIARIES | 51376658 | 11/24/2020 | 23,798 |
| PO21-01443 | INTEGRAL GROUP, INC. | 51364386 | 10/2/2020 | 10,318 |
| PO21-06757 | INTER-COMMUNICATIONS | 51422308 | 6/30/2021 | 1,453 |
| No PO | ISOM ADVISORS, A DIVISION OF URBAN FUTURES, INC. | 51397984 | 3/5/2021 | 7,300 |
| PO21-02234 | JENSEN HUGHES | 51415456 | 4/16/2021 | 2,011 |
| PO19-08780 | JOHNSON CONTROLS FIRE PROTECT. | 51356837 | 8/19/2020 | 1,296 |
| PO21-01094 | K 12 SCHOOL FACILITIES | 51382035 | 12/16/2020 | 5,541 |
| PO21-00799 | KDI CONSULTANTS | 51370846 | 11/3/2020 | 42,500 |
| PO21-01638 | KW ENGINEERING | 51388658 | 1/25/2021 | 10,396 |
| PO21-00801 | LAMPHIER-GREGORY | 51360013 | 9/2/2020 | 4,584 |
| PO21-00563 | LAYA'S PARTNERSHIP | 51373943 | 11/13/2020 | 16,328 |
| PO21-00564 | LOWE CONSULTING GROUP INC. | 51384966 | 1/8/2021 | 15,000 |
| PO21-01120 | LOZANO SMITH ATTORNEY AT LAW | 51364415 | 10/2/2020 | 210 |
| PO21-00690 | LUSTER NATIONAL INC. | 51382066 | 12/16/2020 | 25,456 |
| PO21-00463 | MARCON CO. | 3/51450881/5 | 6/30/2021 | 76,602 |
| PO21-00759 | MICHELLE FIERSTON | 51422364 | 5/14/2021 | 1,305 |
| PO21-01561 | MK THINK | 51404783 | 4/2/2021 | 13,980 |
| PO21-01438 | MURAKAMI & NELSON ARCHITECTURAL | 51426534 | 5/25/2021 | 10,740 |
| PO21-01296 | NINYO & MOORE | 51437464 | 6/30/2021 | 18,624 |
| PO21-01299 | NOR-CAL MOVING SERVICES | 51362217 | 9/16/2020 | 27,800 |

**Oakland Unified School District
2006 Measure B and 2012 Measure J Funds**

**Appendix E – List of Expenditures Reviewed (Continued)
June 30, 2021**

| PO # | Vendor Name | Warrant # | Date | Amount |
|------------------------------|-------------------------------------|------------------|-------------|---------------|
| Measure J (Continued) | | | | |
| PO21-00112 | NORTHERN SAFETY & INDUSTRIAL | 51370900 | 2/5/2021 | \$ 3,997 |
| PO21-02401 | OFFICE DEPOT | 51391537 | 11/24/2020 | 108 |
| PO21-02253 | ONE WORKPLACE | 51376709 | 12/16/2020 | 89,701 |
| PO21-03053 | PACIFIC GAS AND ELECTRIC | 51382108 | 11/3/2020 | 2,500 |
| PO21-02162 | PERKINS EASTMAN ARCHITECTS DPC | 51370927 | 9/2/2020 | 7,500 |
| No PO | PUBLIC ECONOMICS | 51360060 | 11/3/2020 | 3,182 |
| PO21-00887 | ROOK ELECTRIC CO. | 51370948 | 6/25/2021 | 13,032 |
| PO21-01442 | S MEEK ARCHITECTURE | 51435373 | 6/11/2021 | 3,530 |
| PO21-04475 | SANDIS CIVIL ENGINEERS | 51430662 | 2/19/2021 | 20,725 |
| PO21-01095 | SCHOOL FACILITY CONSULTANTS | 51395236 | 6/30/2021 | 12,118 |
| PO21-06666 | SIMS, LEE | 51437523 | 12/16/2020 | 16,290 |
| PO21-02823 | SMALL BUSINESS EXCHANGE | 51382175 | 3/5/2021 | 468 |
| PO21-00931 | SOF SURFACES, | 51398114 | 6/30/2021 | 27,632 |
| PO21-01860 | STAR ELEVATOR, | 51437532 | 4/2/2021 | 12,405 |
| PO21-04872 | STATE WATER RESOURCES CONTROL BOARD | 51404876 | 11/13/2020 | 509 |
| PO21-00697 | SUNPOWER | 51374000 | 6/25/2021 | 2,789 |
| PO21-06582 | TERRAPHASE ENGINEERING, | 51435419 | 1/8/2021 | 3,443 |
| PO21-01006 | TULUM INNOVATIVE ENGINEERING, | 51385053 | 2/5/2021 | 98,000 |
| PO21-02255 | UNION PACIFIC RAILROAD, | 51391646 | 4/2/2021 | 4,888 |
| PO21-04824 | UTILITY MANAGEMENT SERVICES | 51404907 | 9/2/2020 | 500 |
| PO21-00805 | VALLEY RELOCATION AND STORAGE | 51360098 | 11/3/2020 | 1,380 |
| PO21-01294 | VERDE DESIGN | 51370997 | 8/19/2020 | 11,977 |
| PO21-00560 | WELL PUT TOGETHER, LLC | 51356915 | 10/2/2020 | 15,840 |
| PO21-01501 | WICKMAN DEVELOPMENT AND CONSTR | 51364530 | 12/16/2020 | 5,030 |
| PO21-01560 | XEBEC DATA CORP. | 51382240 | 2/5/2021 | 364 |
| PO21-03691 | ZENERGY LLC | 51391680 | 5/20/2020 | 2,100 |

**Oakland Unified School District
2006 Measure B and 2012 Measure J Funds**

**Appendix F – List of Contracts and Procurement Documents Reviewed
June 30, 2021**

The following table consists the list of contracts and procurement documents reviewed.

| Project Number | Project Site- Name | Contractor Name | Contract Price |
|--------------------------|---|--------------------------------|----------------|
| Measure B | | | |
| 19101 | Roosevelt Middle School-Modernization Project | AGS, INC. | \$ 108,003 |
| Measure J | | | |
| 17111 | Emerson Elementary School Girls Softball Field Project | REDWICK CONSTRUCTION COMPANY | 2,763,555 |
| 00918 | Facilities Planning & Management | CORDOBA CORPORATION INC. | 2,009,435 |
| 00918 | Facilities Planning & Management | CUMMING MANAGEMENT GROUP, INC. | 1,090,600 |
| Measure B & J | | | |
| 13124 | Madison Park Academy-Expansion Project | INNOVATIVE CONSTRUCTION CO. | 123,904 |
| 13124 | Madison Park Academy-Amendment No.1 Madison ParkAcademy New Expansion Project | INNOVATIVE CONSTRUCTION CO. | 482,458 |
| 13158 | Fremont High School-Amendment No. 1 Fremont New Construction Project | KDI CONSULTANTS, INC. | 368,500 |
| 13158 | Fremont High School-Award of General Services Agreement Increments 3 & 4 Furniture Project | METRO CONTRACT GROUP | 623,807 |
| 13134 | Glenview Elementary School-New Construction Project | ONE WORKPLACE | 607,405 |
| 15127 | Claremont New Multi-Purpose Building & Kitchen- Claremont New Multi-Purpose Building & Kitchen Project | S MEEK ARCHITECTURE | 1,190,000 |